

# The RAC Outreach Session: Get Your Medical Practice Ready Now!

☒ Today I was fortunate enough to attend an outreach session designed to educate hospitals, physicians and other providers about Recovery Audit Contractors (RAC), specifically Connolly Consulting, the RAC for North Carolina. Although I cannot vouch that the information I am sharing for Region C will be consistent for the other three RACs, the fact that there is a standard handout being used for all RAC outreach sessions makes me think there's a very good chance that CMS is encouraging a high level of consistency.

If you read the recent Manage My Practice article **here** by Carla Hannibal, you already know that the RACs were established after CMS demonstration projects proved "to be successful in returning dollars to the Medicare Trust Funds and identifying monies that need to be returned to providers. It has provided CMS with a new mechanism for detecting improper payments made in the past, and has also given CMS a valuable new tool for preventing future payments." (CMS website)

Each RAC bid for and won the jurisdiction as follows:

- Region A: **CT, DE, DC, MD, ME, MA, NH, NJ, NY, PA, RI, VT** Diversified Collection Services (DCS) -1-866-201-0580, **website here**
- Region B: **MN, WI, IL, IN, OH, MI, KY** CGI Technologies and Solutions -1-877-316-7222, **website here**
- Region C: **AL, AR, CO, FL, GA, LA, MS, NC, NM, OK, SC, TN, TX, VA, WV** and the territories of **Puerto Rico** and **U.S. Virgin Islands**. Connolly Consulting, Inc.

-1-866-360-2507, **website here**

- Region D: **WA, OR, ID, CA, NV, MT, WY, UT, AZ, ND, SD, NE, KS, IA, MO, AK, HI** HealthDataInsights, Inc.-Part A: 866-590-5598, Part B: 866-376-2319, e-mail: **website here**

Each RAC is required to provide outreach education sessions in their region prior to sending out any letters. **Any hospital or physician who bills fee-for-service programs (Part A and/or Part B) for Medicare beneficiaries is eligible for a RAC audit.**

**These are the important points that I took away from attending this outreach program:**

1. RACs may review claims as far back as October 1, 2007.
2. RACs review claims after they have been paid using the same Medicare policies used to pay the claim initially.
3. There are two types of reviews: Automated Reviews which do not request the medical record and Complex Reviews which will request the medical record.
4. Automated Reviews are "done deals" and the claim will be adjudicated and a letter sent detailing the dollars requested.
5. Providers may return the payment by writing a check, allowing a recoupment from future payments or may apply for an extended payment plan.
6. Complex Reviews entail a request for medical records. Records can be mailed, faxed, or sent on a CD/DVD. Mailed records must be sent in a tamper-proof package, and should be sent via trackable carriers (FedEx, UPS, Registered USPS.) Multiple records may be sent in one package if each record set is in a separate envelope inside the package.
7. Note: if faxing, fax the records to yourself to check for readability before you fax to the RAC.
8. Email records are currently not acceptable due to HIPAA.
9. Providers have 45 days plus 10 mailing days for a total

of 55 days to send the records, but extensions are available if this is not abused. If you do not communicate with your RAC about any problems you are having sending the records (e.g. you can't find the record!), you risk having the claim(s) automatically recouped. The Connolly representative even mentioned something to the effect that she wasn't above calling the practice/entity CEO to let them know that their contact person wasn't playing by the rules.

10. Once a claim has been reviewed and a Complex Review is in play, the provider will receive a Demand Letter from the RAC and the provider will have a "discussion period" to contact the RAC and ask questions and/or provide additional information. The RAC representative emphasized to communicate, communicate, communicate and to call the RAC and speak to the reviewer of the claim. Once you have spoken to the reviewer, if you still disagree with the decision, you should ask to speak to the supervisor, and if there still is no agreement, you need to file an appeal.
11. Appeals must be filed within 120 days of the receipt of the demand letter from the RAC.

**Here is a suggested action plan for physician practices to prepare for the RAC process:**

1. Visit the CMS website **here** and click on Demonstration Projects to see what improper payments were found by the RAC demonstration projects.
2. Visit the CMS and OIG websites to see what improper payments were found by reading the OIG (Office of Inspector General) reports **here** and CERT (Comprehensive Error Rate Testing) reports **here**.
3. Conduct an internal assessment to see if you are in compliance with Medicare rules, and if not, identify corrective actions needed to bring your group into compliance. Corrective actions may include provider

education and a periodic internal audit to rate the improvement.

4. Provide your RAC (they will tell you how to do this) with a contact person who will receive RAC letters and who will be the point person for providing the RAC with additional documentation. The RAC will also ask for information about providers and their NPIs, including any providers who were with the group between October 1, 2007 and now, even if the provider is no longer with you. Connolly suggests copying the list of providers you supply to the RAC and placing it in the personnel file of the contact person to be reminded of this important responsibility if this person leaves the organization.
5. Develop a basic tracking system for receipt of letters, and activity for each request.
6. **VISIT YOUR RAC WEBSITE AT LEAST WEEKLY.**

I have received lots of questions about what a RAC letter will look like, and the speaker today provided a sliver of information saying that the Region C letters will have the CMS logo at the top of the letter and Connolly's logo at the bottom of the letter. Because your practice/entity will be providing the RAC with a contact person's name, unless things are in total chaos at your place of business, the letters will go to the person you've entrusted with this important responsibility.

**Here are some other questions and answers from the program today:**

**Q: Does the RAC pay for the copying/mailing for records?**

A: They will pay hospitals, but will not pay physicians for record expense.

**Q: If a claim is refunded to Medicare, must the patient be refunded their portion?**

A: Yes.

**Q:What determines which region the practice/entity belongs to for RAC?**

A: The state that the practice/entity is located in.

**Q: Are patients contacted if their claim is audited?**

A: They receive a notice if the claim is adjusted in any way.

**Q: I heard that there are consultants selling RAC insurance – is that a good idea?**

A: There is no such thing as audit insurance, but there is such a thing as appeal insurance.

**Q: Will a claim be audited if a practice/entity self-audits, finds an error and corrects it?**

A: As long as an amended claim is filed by the provider, RAC will not audit the claim.

**Q:Who sets the guidelines for medical necessity?**

A: The medical director of the RAC.

**Q: Are the number of claims that can be audited in each period counted by transaction lines (5 per CMS form) or by claim/single CMS form?**

A: By transaction lines.

**Q: Will the RACs extrapolate their findings?**

A: The RACs are entitled to extrapolate their findings if they so choose.

**Q: Are the RACs paid on a percentage of their findings?**

A: Yes, RACs are paid a percentage of both overpayments and underpayments. The percentage ranges from 9% to 12.50% based

on each RAC's bid.

If this information is new to you, I suggest you click on some of the links provided in this article, start developing your RAC plan, and start educating your providers and staff. This topic is also a good one for sharing of best practices between local and regional groups. To get email updates on RAC from CMS, **sign-up here**. Remember to bookmark your RAC's website and visit often!

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